

NORTH LAKE TAHOE REDEVELOPMENT IMPLEMENTATION STRATEGY 2001-2006



**ADOPTED APRIL 3, 2001
BY REDEVELOPMENT AGENCY
BOARD OF DIRECTORS**

**PLACER COUNTY
REDEVELOPMENT AGENCY**

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EXECUTIVE SUMMARY



BACKGROUND

The Community Redevelopment Law Reform Act (AB 1290) requires that all redevelopment agencies, including the Placer County Redevelopment Agency, prepare a redevelopment implementation strategy for each redevelopment project area. The purpose of AB 1290 is to enact certain reforms in order to refocus the redevelopment process on statewide concerns of alleviating blight, stimulating economic development, and providing affordable housing.

The Implementation Strategy must present: 1) specific goals and objectives of the Agency for the Project Area; 2) specific projects and expenditures proposed for the next five years; and 3) an explanation of how the goals, objectives, proposed projects, and proposed expenditures will help eliminate blight and implement affordable housing requirements. The Implementation Strategy must be updated every five years.

NORTH LAKE TAHOE REDEVELOPMENT IMPLEMENTATION STRATEGY

CONTENT

The Placer County Redevelopment Agency first prepared the Implementation Strategy for the North Lake Tahoe Redevelopment Project Area covering the period from Fiscal Years (FY) 1996/97 to 2000/01 as part of the redevelopment plan. The current Implementation Strategy covers the period from FY 2001/02 to FY 2005/06. The Strategy is divided into four sections. These include:

- I. Introduction
- II. Relationship of Agency Activities to the Elimination of Blight
- III. Agency Housing Responsibilities
- IV. Implementation Strategy for Addressing RDA Housing Requirements

BLIGHTING CONDITIONS

The 2001-2006 North Lake Tahoe Redevelopment Implementation Strategy outlines the physical and economic blighting conditions in the Project Area. These conditions include:

- Adverse Environmental Conditions
- Deficient, Deteriorated, and Damaged Public Improvements
- Deficient and Substandard Housing

- Blighted Commercial Buildings
- Business District Deficiencies
- Traffic and Pedestrian Hazards
- Criminal Activity

AGENCY GOALS

The Implementation Strategy outlines the goals to be pursued by the Placer County Redevelopment Agency for the North Lake Tahoe Project Area over the five-year period. These goals are:

- The elimination of adverse, blighting, physical, and economic conditions in the North Lake Tahoe Project Area
- The improvement of environmental conditions including the protection and enhancement of Lake Tahoe and the Truckee River
- The provision of improved public services and facilities
- The improvement the physical, man-made environment by the application of land use and urban design principles and controls
- The implementation, as appropriate, of the Tahoe Regional Planning Agency's Regional Plan for the Lake Tahoe Basin
- The implementation of the Tahoe City and North Tahoe community plans
- The revitalization of the Tahoe Gateway, Tahoe City, Tahoe Vista, and Kings Beach commercial districts
- The improvement of traffic circulation and parking conditions
- The stimulation of added private investment
- The generation of increased sales, transient occupancy, and *ad valorem* taxes
- The preservation of existing employment and the creation of new job opportunities
- The improvement of housing conditions for low- and moderate-income individuals and families

PAST ACCOMPLISHMENTS

The Strategy highlights the economic and capital improvement efforts of the Agency. Programs such as the Tahoe City Economic Development Strategy, the North Lake Tahoe Permit Improvement Program, the Tahoe City Infrastructure Improvement Program, and the Kings

Beach Infrastructure Improvement Program are discussed in relation to the Agency's efforts to alleviate blighting conditions in the Area. The Agency's ongoing housing activities include the Kings Beach Rehabilitation Program, the Fee Waiver Program and the Multi-Family Pre-Development Program, which are designed to address critical housing needs in the Project Area.

FIVE-YEAR REDEVELOPMENT STRATEGY

The Project Area is expected to generate approximately \$12 million in tax increment funds over the five-year period of which 20 percent will be set-aside for the Low and Moderate Income Housing Fund. These are referred to as Set-Aside Funds. The remaining 80 percent of the tax increment funds can be spent on nonresidential redevelopment activities. Coupled with the Agency's bonding capacity, Seifel Consulting, Inc. estimates that the Agency will have approximately \$23 million available to implement its goals of eliminating blighting conditions in the Project Area.

Economic Development & Capital Improvements

The Agency plans to spend the non-housing portion of tax increment funds on significant public facility and infrastructure improvements such as the Tahoe City public parking facilities, streetscape improvements, pedestrian walkways, traffic signals and other needed public improvements.

Affordable Housing

The North Lake Tahoe Project Area is impacted by the high rents, the lack of affordable rental housing, a higher rate of overcrowding, and lower income levels of households in the Project Area compared to the rest of Placer County.

As required by Community Redevelopment Law (CRL), a portion of all units constructed in the Project Area must be deed-restricted so that they are affordable to low- and moderate-income households. This is the Agency's "inclusionary" housing requirement. Given that the Project Area was formed in 1996 and the restrictions imposed by the Tahoe Regional Planning Agency on new construction in the Basin, residential development in the Project Area has been limited. As a result, the Agency has incurred an inclusionary obligation of only four units of which one unit must be affordable to very-low income households. The pending development of an affordable rental complex in the Project Area is expected to greatly exceed any inclusionary requirement for the next five years.

The Project Area is expected to generate an estimated \$2.3 million in housing set-aside funds for the Agency over the next five-year period. Housing set-aside funds must be used to "increase, improve and preserve the community's supply of low- and moderate-income housing" within the territorial jurisdiction of the Agency.

The Agency plans to use these housing set-aside funds to continue rehabilitation activities in the Kings Beach area as well as assist in the development of affordable apartment units

for employees in the entire Project Area. Set-aside funds will also be used in conjunction with federal HOME funds to provide assistance to low- and moderate-income first-time homebuyers and as well as explore the development of mixed-use projects in the Tahoe area.

CONCLUSION

Overall, the North Lake Tahoe Redevelopment Implementation Strategy represents the Agency's plan for addressing and alleviating the blighting conditions in the Project Area. The Strategy will enable the Agency to improve infrastructure, foster economic development, and ensure the provision of housing for all members of the North Lake Tahoe community.

I. INTRODUCTION



A. THE NORTH LAKE TAHOE REDEVELOPMENT PROJECT AREA AND THE IMPLEMENTATION STRATEGY

Located to the north and west of Lake Tahoe in Placer County, California, the North Lake Tahoe Project Area consists of three areas, which include Tahoe City, Kings Beach-Tahoe Vista, and the Tahoe Gateway areas (see Figure 1). The Project Area has an estimated population of 10,000 year-round residents, which has been growing by about 1% a year for the last several years. This trend is expected to continue. The region is also a popular destination for outdoor enthusiasts and tourists. The peak summer/winter population is close to 60,000 persons.¹

Similar to many resort areas where many of the year-round residents work in the service/retail sectors, many year-round residents in North Lake Tahoe earn lower and moderate incomes. According to the 1990 Census, the median income of residents in the Tahoe City area was \$36,500 and Kings Beach area was \$21,900, compared to a 1990 Countywide median income of \$37,600. In addition, despite the high level of tourism, much of the Project Area is affected by blight such as inadequate public facilities and infrastructure, adverse environmental conditions, and deteriorated commercial and residential structures.

The purpose of this Redevelopment Implementation Strategy is to provide a plan of action for the Placer County Redevelopment Agency over the next five years to address these conditions. The Strategy adheres to the requirements of AB1290 as described below.

B. BACKGROUND AND LEGISLATIVE REQUIREMENTS

Assembly Bill 1290 (*Stats.1993, Chap.942*), known as the Community Redevelopment Law Reform Act of 1993, went into effect January 1, 1994. AB 1290 reforms the Community Redevelopment Law (CRL, *H&S Code §§ 33000 et. seq.*) to refocus the redevelopment process on statewide concerns of alleviating blighted conditions, stimulating economic development, and providing affordable housing for low- and moderate-income households. The legislative changes affect both existing and future redevelopment project areas.

AB 1290 specifically requires that a five-year Implementation Strategy be prepared for each redevelopment plan. The Implementation Strategy provides documentation for the link between the elimination of blight and the proposed actions of the redevelopment agency. The Implementation Strategy must contain the following elements:

- Specific goals and objectives for the project area over the next five years;
- Specific programs and estimated expenditures to be made during the five-year period;

¹ North Lake Tahoe Statistics, www.tahoe.com, February 2001.

Figure 1: North Lake Tahoe Redevelopment Project Area

- An explanation of how the goals, objectives, programs, and expenditures will eliminate blight within the project area; and
- An explanation of how the goals, objectives, programs, and expenditures will implement the low- and moderate-income housing set-aside and housing production requirements of the CRL. Those portions of the Implementation Strategy addressing redevelopment housing requirements shall specifically include:
 - An annual housing program in sufficient detail to measure performance under the Implementation Strategy;
 - The number of housing units to be developed, rehabilitated, price-restricted, or otherwise assisted or destroyed;
 - A description of the Agency's plan for using annual deposits in the Low- and Moderate-Income Housing Fund;
 - Identification of proposed locations for any replacement housing the Agency is required to produce; and
 - The Project Area Affordable Housing Production Plan.

In accordance with the provisions of AB 1290, the Placer County Redevelopment Agency (the "Agency") adopted an Implementation Strategy in 1996, which contained specific goals and objectives for the Agency's North Lake Tahoe Redevelopment Project Area (the "Project Area") for the period between 1996 and 2000. The following new Implementation Strategy examines the Agency's progress to date, and updates the prior Strategy's goals, objectives and programs. This Implementation Strategy covers the 2001-2006 period.

C. NORTH LAKE TAHOE REDEVELOPMENT PLAN

The Placer County Redevelopment Agency was created in 1996 to provide a vehicle to eliminate blight and correct environmental deficiencies within the County and strengthen its economic base through public infrastructure and facility improvements, commercial and industrial programs, rehabilitation, and affordable housing. In July 1996, the Agency adopted the North Lake Tahoe Redevelopment Plan, which is one of three redevelopment project areas in Placer County. The other areas include the North Auburn and the Sunset Industrial Redevelopment Project Areas. The North Lake Tahoe Project Area covers approximately 1,731 acres adjacent to Lake Tahoe. The plan has a term of 40 years (2036). Three non-contiguous areas make up the Project Area. These consist of the Tahoe Gateway Area, the Tahoe City Area, and the Kings Beach-Tahoe Vista Area. Figure 1 (page 2) shows the boundaries of the Project Area.

D. ORGANIZATION OF THE IMPLEMENTATION STRATEGY

The North Lake Tahoe Redevelopment Implementation Strategy is organized into two major components. The first component assesses the blighting conditions in the Project Area and develops a five-year implementation strategy for the elimination of blight. The second component addresses the Agency's housing responsibilities with regard to low- and moderate-income housing production and replacement requirements, as well as expenditure of the redevelopment housing set-aside funds in the Project Area. At the beginning of each component, legislative requirements are presented.

II. RELATIONSHIP OF REDEVELOPMENT ACTIVITIES TO THE ELIMINATION OF BLIGHT



Under AB 1290, the Implementation Strategy must describe specific goals and objectives of the Agency, specify projects (including a program of actions and anticipated expenditures to be made within the ensuing five years), and demonstrate how these projects/programs will alleviate or eliminate blight. Subsequent legislation further defined blight as "the conditions described in the definition of blight existing at the time the redevelopment plan was adopted and, if different, the definition of blight under existing law." This provision enables the Agency to use the blight conditions that were established when the redevelopment plan was adopted for the blight assessment, or if the conditions have changed, the blight criteria established under current law.

Pursuant to AB 1290 Sections 33030 and 33031, blight conditions are grouped under two categories – physical and economic conditions. These conditions are summarized as follows:

Physical Conditions:

- Unsafe and unhealthy buildings that may result from code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.
- Conditions preventing or substantially hindering the effective use or capacity of buildings or lots, which may be caused by substandard design, inadequate size given present market conditions, lack of parking, or similar factors.
- Adjacent or nearby uses that are incompatible with each other and prevent economic development of the area.
- The existence of subdivided lots in multiple ownership of irregular form and shape and inadequate size for proper development.

Economic Conditions:

- Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to properties containing hazardous waste and requiring redevelopment remediation authority.
- Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excess vacant lots in an area developed for urban use and served by utilities.

- Lack of necessary commercial facilities normally found in neighborhoods (e.g. grocery stores, drug stores, banks/lending institutions).
- Residential overcrowding and an excess of bars, liquor stores, or other businesses catering exclusively to adults that has led to public safety and welfare problems.
- A high crime rate constituting a serious threat to the public safety and welfare.

A. BLIGHT CONDITIONS ASSESSMENT

1. BLIGHTING CONDITIONS AT THE TIME OF PLAN ADOPTION

The elimination of blight is one of the primary objectives of the County's redevelopment efforts. The adverse physical and economic conditions in existence within the North Lake Tahoe Redevelopment Project Area have remained relatively the same as when the Plan was adopted in July 1996. The Agency intends to focus on the remedy of those blighted conditions as defined under the blight definitions included as part of AB 1290 related legislative reforms. Generally, those blight conditions that exist within the Project Area, as defined within Sections 33030 and 33031, are shown in Table 1. A detailed description of existing conditions is included in the *Amended Existing Conditions Report*, published under separate cover.

**TABLE 1
BLIGHT CONDITIONS
WITHIN THE PROJECT AREA**

Blight Definition	
Physical (33031(a))	Economic (33031(b))
<ul style="list-style-type: none"> • Adverse Environmental Conditions • Deficient, Deteriorated, and Damaged Public Improvements • Deficient and Substandard Housing • Blighted Commercial Buildings • Business District Deficiencies • Traffic and Pedestrian Hazards 	<ul style="list-style-type: none"> • Criminal Activity

Source: North Lake Tahoe Redevelopment Implementation Strategy (1996-2001), 1996.

Adverse Environmental Conditions – The conditions that adversely affect the environment include:

- Substandard public improvements that contribute to lake and river pollution (e.g. storm water run-off)
- Substandard private facilities that do not comply with Tahoe Regional Planning Agency (TRPA) environmental threshold carrying capacities
- Insufficient open spaces
- Inadequate water quality protection systems

Deficient, Deteriorated, and Damaged Public Improvements – The public improvement deficiencies in the North Lake Tahoe Project Area include:

- Unpaved, deteriorated, and substandard roads
- Substandard and deteriorated storm drainage facilities
- Inadequate public parking facilities
- Inadequate public sidewalks and pedestrian accommodations

Deficient and Substandard Housing – The housing deficiencies and substandard conditions in the Project Area include:

- Deteriorated and substandard apartments and single-family residences
- Overcrowding
- Inadequate supply of low- and moderate-income housing

Blighted Commercial Buildings – Adverse commercial building conditions that contribute to blight in the Project Area include the following:

- Deteriorated commercial buildings
- Buildings that lack commercial viability because of substandard size or inadequate configuration
- Commercial buildings that suffer from inadequate accessibility or a lack of convenient public parking

Business District Deficiencies – The conditions that contribute to blights in commercial districts in the Project Area include:

- Deteriorated and outmoded commercial buildings
- A lack of needed public improvements
- Non-economic commercial parcelization
- Traffic and pedestrian hazards

Traffic and Pedestrian Hazards – The conditions that contribute to traffic and pedestrian hazards in the Project Area include the following:

- Poorly located and ill-defined on-street parking
- Pedestrian-oriented commercial frontages without adequate curbs and sidewalks
- Insufficient number of pedestrian cross-walks and traffic control devices

Criminal Activity – Criminal activity that affect the economic conditions in the Project Area includes:

- Burglary
- Assault
- Automobile theft

2. GOALS AND OBJECTIVES

Implementation of the North Lake Tahoe Redevelopment Plan is intended to achieve the following goals:

- *Eliminate adverse, blighting, physical, and economic conditions in the North Lake Tahoe Project Area*
- *Improve environmental conditions including the protection and enhancement of Lake Tahoe and the Truckee River*
- *Provide improved public services and facilities*
- *Improve the physical, man-made environment by the application of land use and urban design principles and controls*
- *Implement, as appropriate, the Tahoe Regional Planning Agency's Regional Plan for the Lake Tahoe Basin*
- *Implement the Tahoe City and North Tahoe community plans*
- *Revitalize the Tahoe Gateway, Tahoe City, Tahoe Vista, and Kings Beach commercial districts*
- *Improve traffic circulation and parking conditions*
- *Stimulate added private investment*
- *Generate increased sales, transient occupancy, and ad valorem taxes*
- *Preserve existing employment and create new job opportunities*
- *Improve housing conditions for low- and moderate-income individuals and families*

Section 33490(a)(1)(A) of the CRL requires that each Implementation Strategy prepared by an Agency contain “. . . explanation of how the Goals and Objectives . . . will eliminate blight within the Project Area. . . .”

Table 2 shows the relationship between the Agency's specific five-year goals and objectives and the elimination of blight, as defined within CRL Sections 33030 and 33031, within the Project Area.

TABLE 2
GOALS² NEXUS TO BLIGHT ELIMINATION

GOALS	PHYSICAL CONDITIONS						ECONOMIC CONDITIONS
	Adverse Environmental Conditions	Deficient, Deteriorated, and Damaged Public Improvements	Deficient and Substandard Housing	Blighted Commercial Buildings	Business District Deficiencies	Traffic and Pedestrian Hazards	Criminal Activity
<i>Eliminate adverse, blighting, physical, and economic conditions in the North Lake Tahoe Project Area</i>	○	○	○	○	○	○	○
<i>Improve environmental conditions including the protection and enhancement of Lake Tahoe and the Truckee River</i>	○						
<i>Provide improved public services and facilities</i>		○					
<i>Improvement of the physical, man-made environment by the application of land use and urban design principles and controls</i>							
<i>Implement, as appropriate, the Tahoe Regional Planning Agency's Regional Plan for the Lake Tahoe Basin</i>	○						
<i>Implement the Tahoe City and North Tahoe community plans</i>						○	○
<i>Revitalize the Tahoe Gateway, Tahoe City, Tahoe Vista, and Kings Beach commercial districts</i>				○	○	○	○
<i>Improve traffic circulation and parking conditions</i>						○	
<i>Stimulate added private investment</i>				○	○		
<i>Generate increased sales, transient occupancy, and ad valorem taxes</i>				○	○		
<i>Preserve existing employment and create new job opportunities</i>					○		
<i>Improve housing conditions for low- and moderate-income individuals and families</i>			○				○

Source: North Lake Tahoe Redevelopment Implementation Strategy (1996-2001), 1996.



² Complies with CCRL Section 33450 (a)(1)(A)

3. REDEVELOPMENT ACTIVITIES UNDERTAKEN AND THEIR IMPACTS ON REMOVING BLIGHT

The Placer County Redevelopment Agency, which was created in 1996, used the past five-year period (fiscal years 1996-2000) to establish programs and evaluate potential programs to address critical needs in the North Lake Tahoe area. The Agency has also implemented several housing rehabilitation and capital improvement programs and is in the process of initiating several major projects in the North Lake Tahoe area.

The major redevelopment activities completed or initiated by the Agency for the North Lake Tahoe Redevelopment Project Area over the past five years are summarized below. Each activity addressed one or more of the physical and economic blighting conditions identified in the Redevelopment Plan and summarized previously in Section II.A.1 of this Implementation Strategy. The activities identified below used a variety of funding sources in addition to redevelopment funds.

Economic Development and Capital Improvement Activities

- *Tahoe City Business Retention, Expansion and Attraction Plan:* A strategic action plan was completed in January 2000 to serve as a guide for economic development and to present several initiatives that foster economic development. The plan involved a high level of community involvement and developed key strategic directions to pursue. In addition to the strategic action plan, the Agency also commissioned a Management Plan for Downtown Tahoe City, which was completed in April 2000. The Plan provided detailed recommendations for the creation of a comprehensive management district in order to foster business development and growth in the downtown. A contract to implement a property-based improvement district (PBID) was granted in 2001. 
- *Tahoe City Economic Development Strategy:* The completion of the Tahoe City Economic Development Strategy (Phase I) has enabled the Agency to identify and begin the implementation of steps for major business improvement programs. These business improvement programs include the development of a business improvement district, parking lots, community design standards, community entry signage, streetscape and landscape improvements, store front and sign improvements as well as other programs. The Agency is currently involved in Phase II, the implementation of six of these programs identified in the Plan. As part of this overall strategy, the Agency commissioned a study of parking facilities in downtown Tahoe City. 
- *North Lake Tahoe Permit Improvement Program:* The Agency is in the process of documenting the steps involved in obtaining building permits in the North Lake Tahoe area under the Tahoe Regional Planning Agency (TRPA), Lahontan Water Quality District, and County requirements. (TRPA sets regional environmental and planning standards for the protection of the Tahoe Basin while the Lahontan Water Quality District is charged with maintaining regional water quality). The goal of this program is to facilitate commercial expansion and new construction projects in the area by identifying

ways of streamlining the permit process. Improved forms and procedures will be instituted in 2001.

- *Tahoe City Infrastructure Improvement Program:* The focus of this three-year program is to create a significant visual and economic effect in the downtown Tahoe City area through a variety of infrastructure improvements to roads, sidewalks (as shown in the photo to the right), lighting, parking, and landscaping. The program uses a variety of funds including redevelopment funds, but is managed by the Public Works Department. Construction began in 1999 and the lighting project was completed in February 2001.



A key part of the Infrastructure Improvement Program is the Tahoe City Sidewalk and Beautification Program. These activities are designed to improve the function and appearance along the State Highway in Tahoe City and include roadwork, sidewalks, lighting, landscaping, parking lots, and drainage facilities. Phase I of the program was completed in September 1999, and Phase II, involving highway improvements, parking lots, lighting and streetscape improvements was recently completed. The construction of a public parking structure at the Tahoe City Marina is the next phase of the project (as shown in the rendering to the right). The Agency has applied for funds from the California State Infrastructure Bank to assist in financing the program.



- *Kings Beach Economic Development Strategy:* The Agency has undertaken a similar economic development strategy for the Kings Beach area as it has for Tahoe City and has submitted a grant application to the State CDBG program to that end. The Agency received a technical assistance grant from the State CDBG Program and, with a match of redevelopment funds, the Agency is in the process of developing a business retention/expansion strategy. Completion of the strategy is expected by the end of 2001.
- *Kings Beach Infrastructure Improvement Program:* The program is designed to improve infrastructure and enhance and promote business activity in the Kings Beach area. A central part of the overall program is the Kings Beach Streetscape Improvement Program, which is designed to improve the function and appearance along the State Highway in the Kings Beach area. The program would include pedestrian facilities, sidewalks, lighting, parking, landscaping, drainage and related facilities. The Agency has defined the scope of the program and is currently exploring funding options under the leadership of the County Public Works Department and Caltrans. As part of this program, the Agency assisted the County Public Works Department with the Kings Beach Commercial Core Parking Study to evaluate existing and future parking conditions in the area.



Affordable Housing Activities

- *Affordable Housing Strategy:* Through a joint effort by the Agency and the County Planning Department, an Affordable Housing Strategy was prepared and adopted in April 1999. The Strategy outlined goals, policies, and objectives to be undertaken to address the need for affordable housing in Placer County including the North Lake Tahoe Area.
- *Affordable Housing Project Identification:* A North Lake Tahoe Affordable Housing Project Identification Study was completed in September 1999. The study assessed specific potential sites for affordable rental housing, including several in the North Lake Tahoe area. The project has led to the identification of four key sites for affordable housing and negotiations are currently under way with a non-profit developer and the site owners.
- *1998 Kings Beach Rehabilitation Program:* Using a combination of CDBG and redevelopment set-aside funds, this program provided rehabilitation and weatherization services to lower income households within the Kings Beach area with the help of Project Go, Inc. and Mercy Housing California. Approximately 24 units have been funded for rehabilitation and are expected to be completed by the end of Fiscal Year 2000-01.
- *Fee Waiver Program:* The Agency has recently used housing set-aside funds to write down fees for projects in which at least 10% of the units are affordable to very-low income households or at least 20% are affordable to low-income households in Placer County.
- *Multi-Family Pre-Development Program:* In order to expedite the construction of affordable multi-family rental housing throughout the County, the program provides predevelopment grants and loans to qualified private and non-profit developers. Eligible expenses include architecture, appraisals, site planning, permit assistance and other soft costs associated with project development.
- *Mandatory Inclusionary/Employee Housing Program:* Agency staff is enforcing requirements that developers of large-scale resort development house those lower wage earners whom they employ in their new facilities. The inclusionary requirements are triggered when a new resort or facility is built or when an existing one is being expanded.
- *First-Time Homebuyer Program:* With a combination of HOME funds and redevelopment set-aside funds, the County and the Agency implemented a first-time homebuyer program for low- and moderate-income households looking to purchase their first home in Placer County.
- *Placer County HandyPerson Program:* This program, which is funded using CDBG funds, provides health and safety repairs as well as other minor home repairs for low-income seniors. The program serves seniors in the unincorporated areas of Placer County including the North Lake Tahoe area. An average of 250 households per year have been assisted through this program throughout Placer County.



B. FIVE-YEAR PLAN FOR THE ELIMINATION OF BLIGHT

1. FIVE-YEAR GOALS AND OBJECTIVES

The Placer County Redevelopment Agency has reviewed the North Lake Tahoe Redevelopment Plan and determined that the goals and objectives adopted as part of the Redevelopment Plan (listed in the prior section A1) are relevant and appropriate for the 2001-2006 Redevelopment Implementation Strategy period. These goals and objectives address blighting conditions present within the Project Area. They provide the Agency general direction for its activities over the next five years.

2. FINANCIAL ASSESSMENT

Redevelopment law grants various powers to properly established redevelopment agencies. Among its authorized powers, an agency is permitted to enter into debt, issue revenue bonds, acquire and dispose of property, and accept financial or other assistance from any private or public source. The primary funding source for most redevelopment agencies, however, is tax increment revenues generated through constitutionally created processes in Article XVI, Section 16 of the California Constitution. In brief, Article XVI, Section 16 provides that after a redevelopment plan has been adopted, property taxes generated by increases in assessed land values for those properties within the adopted project area will be allocated to the redevelopment agency for purposes of carrying out the programs envisioned by the adopted plan.

Tax Increment Projections

The Placer County Redevelopment Agency is projected to generate \$11.8 million in gross tax increment from the Project Area over the ensuing five years (refer to Table 3). The Agency will contribute 20% of this gross tax increment to the Low- and Moderate-Income Housing Fund, which will be addressed in the Housing component of this Strategy.

TABLE 3
TAX INCREMENT PROJECTIONS

	2001/02	2002/03	2003/04	2004/05	2005/06
Tax Increment Revenue Gross ¹	\$1,559,491	\$1,921,313	\$2,339,450	\$2,748,536	\$3,183,077

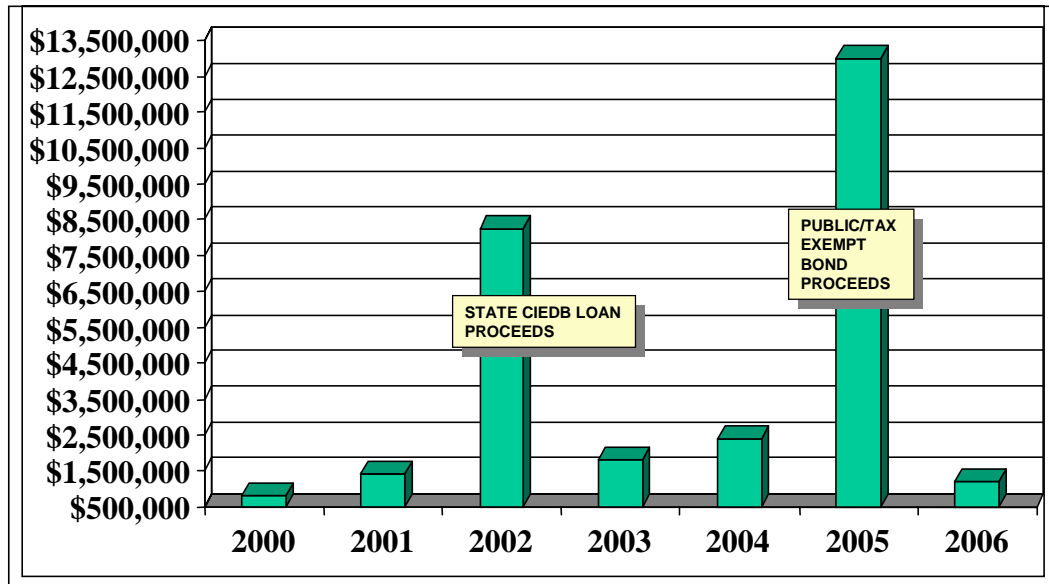
Note: 1. Gross figure includes County administrative fee and pass-through amounts.

Source: Placer County Redevelopment Agency and Seifel Consulting, Inc., 2001

3. FIVE-YEAR PROGRAMS, POTENTIAL PROJECTS AND ESTIMATED EXPENDITURES

In accordance with AB 1290, the Redevelopment Agency must specify projects and actions to be undertaken, and anticipated expenditures to be made within the next five years. The Agency's non-housing related actions over the next five years are summarized in Table 4 and described in greater detail below. Table 4 and Figure 2 are based on projections that include the use of tax increment funds, bonds, and a loan from the California Infrastructure and Economic Development Bank (CIEDB), which is currently pending and awaiting TRPA approval. Housing related activities are addressed in Section III and IV of this Implementation Strategy.

**FIGURE 2
NORTH LAKE TAHOE
REVENUE PROJECTIONS**



**FIGURE 3
REDEVELOPMENT ACTIVITIES & ESTIMATED
EXPENDITURES: FY2001/02-FY2005/06**

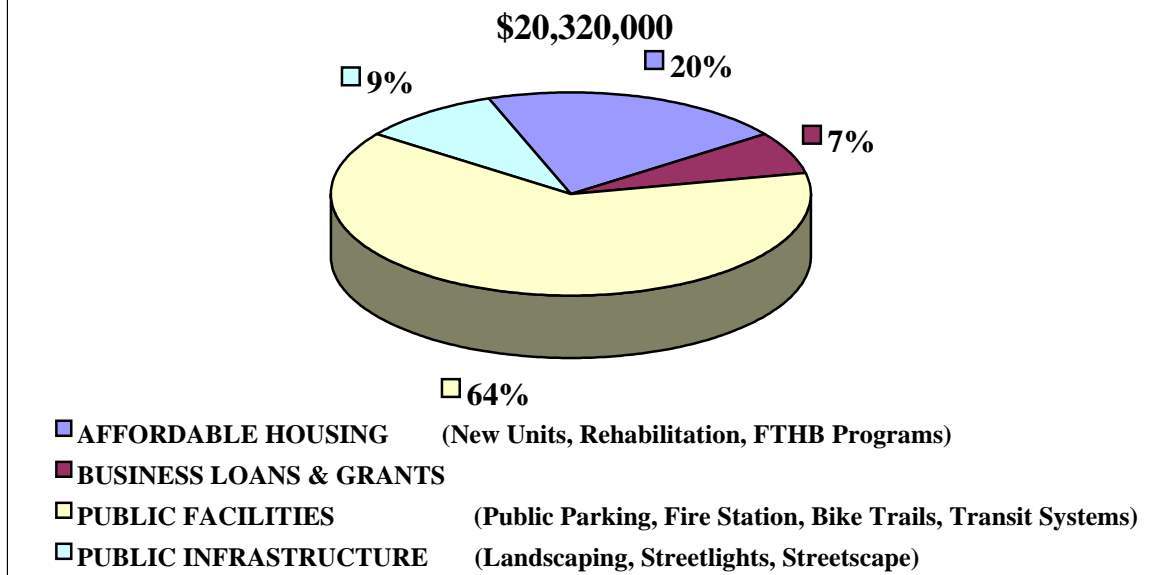


TABLE 4
FIVE-YEAR REDEVELOPMENT ACTIVITIES AND ESTIMATED EXPENDITURES:
FY 2001/02-FY 2005/06

Insert Estimated Expenditure Spreadsheet

As shown in Table 4, over the next five years, the Agency intends to pursue a variety of activities in each of four categories. These include 1) Infrastructure; 2) Public Facilities; 3) Economic Development and Business Attraction/Retention; and 4) Affordable and Employee Housing. The general activities and programs associated with the first three categories are described below. Those associated with affordable housing are described in Section IV of this plan.

➤ ***Infrastructure***

Over the next five years, the Agency anticipates spending approximately \$2 million for a range of capital improvements in the North Lake Tahoe Project Area. These activities are designed to address the Agency's goals of improving public facilities and infrastructure as well as removing blight. These improvements include sidewalk and streetscape repairs and enhancements, traffic signals, pedestrian walkways, plazas, restrooms, and the installation of street lighting. Many of the activities, as described in Section III.A.3, are currently underway and are anticipated to continue over the next five years.



➤ ***Public Facilities***



The projected expenditure of Agency funds for the development and improvement of public facilities is about \$13 million. The majority of the funds will be used for the construction of a public parking facility to ease parking in the area and encourage economic development in the Tahoe City area. Additional improvements to the Project Area include a lakeside bike trail, park improvements, and a range of transit improvements.

In addition, the Agency will use funds to assist in the relocation of a Project Area fire station. The assistance will be provided since no other financial means are available to the North Lake Tahoe Fire District. The station will be located at a key intersection in Tahoe City in order to provide easy emergency access to the lake, businesses, and other structures in the area. By relocating the fire station, the Agency will be removing existing blight and will assist in Tahoe City revitalization efforts by providing improved public facilities and services. All of these improvements address the Agency's goals to improve parking conditions and public facilities in the area.

➤ ***Economic Development and Business Attraction/Retention***

Approximately \$1.36 million will be spent by the Agency on programs to promote economic development and assist businesses in order to revitalize the Project Area's commercial districts. These actions include the establishment of Property-Based Improvement Districts (PBIDs) and a program to provide loans and grants for façade improvements. The Agency also plans to assist in predevelopment and permit



costs, as well as toxic site remediations. These activities specifically address many of the recommendations contained in both the *Tahoe City Strategic Plan* (January 2000) and the *Management Plan for Downtown Tahoe City* (April 2000).

The programs and activities identified above are designed to promote economic development by assisting businesses, revitalizing commercial areas, improving infrastructure and public facilities, and thus eliminating blight in the North Lake Tahoe Redevelopment Project Area.

Contribution of Various Agencies

The Agency provides funding to a variety of organizations to help promote economic and community development throughout Placer County. Agencies that received funding previously include, but are not limited to: Foothill Volunteer Center, Placer County Women's Center, Tahoe Women's Center and the Alliance for the Mentally Ill. In addition, a wide variety of local groups, businesses, and other associations have been and continue to be involved in the studies, plans, and other development activities of the Agency in the North Lake Tahoe Area.

Special Constraints in the Project Area

The beautiful environment that attracts so many people to the region is a limited resource that requires protection to preserve the quality of the Tahoe Basin. The Tahoe Regional Planning Agency (TRPA) was established in 1969 to oversee development and protect the resources of the Basin. TRPA adopted the Code of Ordinances, which establishes specific regulations and thresholds for, among other things, land use, density, rate of growth, land coverage, excavation, and scenic impacts. These regulations are designed to bring the region into conformance with the threshold standards established for water quality, air quality, soil conservation, wildlife habitat, vegetation, noise, recreation, and scenic resources.

While these regulations serve to protect and enhance the Tahoe Basin, they create additional costs and requirements that can constrain development and the amount of Agency activity in the North Lake Tahoe Project Area. For example, such restrictions identified in the Code of Ordinances include the Individual Parcel Evaluation System (IPES), which ranks vacant parcels as to their relative suitability for development. Parcels that receive a top score may then obtain an allocation from their local jurisdiction, after which a building permit may be granted by TRPA. In addition, TRPA also regulates commercial development through the allocation of commercial square footage to the member jurisdictions. An additional discussion of the effects of TRPA regulations on residential development is discussed in Section III. B of this plan.

III. REDEVELOPMENT AGENCY HOUSING RESPONSIBILITIES



According to State Community Redevelopment Law (*Health & Safety Code Sections 33000 et seq.*), one of the fundamental purposes of redevelopment is to increase and improve the community's supply of low- and moderate-income housing. The Redevelopment Law requirements are specific to the year in which Project Areas were adopted. The requirements are:

- In a redevelopment project area adopted on or after January 1, 1976, a fixed percentage of all housing constructed in the project area must be affordable to low- and moderate-income persons and families (***the inclusionary rule***, *Section 33413(b)*).
- Redevelopment agencies must replace low- and moderate-income housing which is removed as a result of a redevelopment project in a Project Area or an Amended Project Area adopted on or after January 1, 1976 (***the replacement rule***, *Section 33413(a)*). The above requirement applies to pre-1976 projects on and after January 1, 1996.
- At least 20% of tax increment revenue must be expended to increase, improve, and preserve the supply of low- and moderate-income housing in the community (***the set-aside rule***, *Section 33334.2*) in a Project Area established on or after January 1, 1977.

State Community Redevelopment Law requires consistency between the Housing Element and AB 1290 Implementation Strategy. The Placer County Housing Element includes a summary of the key housing needs, largely defined based upon analysis of 1990 Census data. Where possible, information that is specific to the Lake Tahoe Division from the 1990 Census has been included in this Strategy to supplement data from the Housing Element. The Lake Tahoe Division includes the following Census Designated Places (CDPs): Dollar Point, Kings Beach, Sunnyside-Tahoe City and Tahoe Vista. The Agency is required to spend its Housing Set-aside funds in relation to the key needs identified in the Housing Element, as summarized in this section.

Revisions to the Inclusionary Housing Requirements Effective January 1, 2002

The above inclusionary housing requirements will remain effective until December 31, 2001. Significant changes to the inclusionary housing requirements have been made to the Community Redevelopment Law (*H&S Section 33413*) and will become operative on January 1, 2002. Important changes include:

1. After December 31, 2001, the inclusionary housing requirement will apply to all new and rehabilitated housing units. The "substantial" rehabilitation criteria that triggered the inclusionary housing requirement has been eliminated. This change

applies to both agency-developed and non-agency developed units (*Section 33413(b)*).

2. The ability to satisfy inclusionary housing requirements by housing production outside the project area at a two-to-one ratio has been removed (*Section 33413(b)*).
3. The ability to purchase long-term affordability covenants on existing units to satisfy the inclusionary housing requirements has been removed (*Section 33413(b)*).
4. An agency may no longer permit the sale of owner-occupied units prior to the expiration of period of the land use controls established by the agency (*Section 33413(c)*).

These new changes are designed to increase the supply of affordable housing in redevelopment project areas.

A. EXISTING AND PROJECTED HOUSING NEEDS

Assuring the availability of adequate housing for all social and economic sectors of the County's present and future population is a primary goal of the Placer County Housing Element. In order to implement this goal, the County must target its monetary assistance and its programs toward those households with the greatest need. The following summarizes the major housing needs in Placer County and will serve as a guide for expenditure of redevelopment housing funds.

1. HOUSING COST AND AFFORDABILITY

Ownership Housing Cost

Information about housing prices was obtained from the California Association of Realtors and from local real estate companies in the North Lake Tahoe area and is presented in Table 5. The median price for a single-family home in Placer County in the first quarter of 2000 was \$193,000. However, prices in the North Lake Tahoe region were generally higher than the rest of the County. Overall in the North Lake Tahoe region prices ranged from a low of \$100,000 for a single-family home to a high of \$2,600,000 for a home with a view of the lake.

Homes in the Kings Beach area were typically less expensive than those in the Tahoe City-Lake Forest area. The median price for a home in the Kings Beach area was \$190,000, while the median price for homes sold in the Tahoe City-Lake Forest area over the past year was \$416,000. Condominiums and town homes were generally comparable in price to many single-family homes and had an average price of approximately \$250,000. Table 5 presents sales price information for homes sold during 2000.

TABLE 5
HOUSING SALES PRICES – NORTH LAKE TAHOE AND PLACER COUNTY

Housing Type	No. of Units Sold	Housing Sales Prices		
		Range	Average	Median
Placer County ¹				
Single Family Homes	N/A	N/A	N/A	\$193,000
Kings Beach Area ²				
Single Family Homes	27	\$100,000-\$290,000	\$195,000	\$190,000
Tahoe City – Lake Forest Area ²				
Single Family Homes	90	\$129,000-\$2,600,000	\$562,000	\$416,000

Sources: 1. California Association of Realtors, May 2000;

2. Local real estate companies in North Lake Tahoe area, January 2001.

Rental Housing Cost

The majority of housing in North Lake Tahoe is ownership housing. Few apartments are located in the area. The remaining rental market consists of single-family homes, though many of these are not year-round rental accommodations. Property managers have reported that rents have doubled since 1998. The range of rent for single-family rental homes is between \$1,110 and \$1,300 per month. Seasonal rentals are generally more expensive and are typically not an option for permanent residents. Seasonal condominium rental rates range from \$707 per week for a one-bedroom unit (with a loft) on the west shore to \$1,127 per week for a four-bedroom unit (with a loft).

The majority of apartments in the Lake Tahoe area are located in South Lake Tahoe and across the State line in Carson City, Nevada. According to local real estate brokers and property managers, rents for a room in a single-family home in the North Lake Tahoe area average between \$550 and \$660 a month. Vacancy rates are extremely low. According to the North Lake Tahoe Resort Association, the vacancy rate for workforce housing in the area is “effectively zero.”³ Many workers, in fact, commute from Truckee and Reno, where housing is both available and more affordable.

Housing Affordability

Housing affordability is dependent upon income and housing costs. The State Department of Housing and Community Development (HCD) establishes the following income categories based on the County’s median family income.

- Very-Low Income household (31-50% MFI)
- Low-Income household (51-80% MFI)
- Moderate-Income household (81-120% MFI)

As of 2000, the median income for a family of four in Placer County was \$52,900. Assuming that the potential homebuyer within each income group has sufficient credit, downpayment (10%) and closing costs (3%), and maintains affordable housing expenses (no more than 30% of gross income including mortgage/rent, utility, and taxes), the maximum affordable housing costs and home prices can be determined (Table 6).

TABLE 6
AFFORDABLE HOUSING COSTS BY INCOME CATEGORY

Income Group	Income Levels		Housing Costs		Max. Affordable Price	
	Annual Income	Affordable Payment	Utilities	Taxes & Ins.	Home	Rental
Very Low						
One Person	\$18,500	\$463	\$50	\$200	\$32,178	\$413
Small Family	\$23,800	\$595	\$100	\$200	\$44,671	\$495
Large Family	\$28,550	\$714	\$150	\$200	\$55,081	\$564
Low						
One Person	\$29,600	\$740	\$50	\$200	\$74,199	\$690
Small Family	\$38,100	\$953	\$100	\$200	\$98,806	\$853
Large Family	\$45,700	\$1,143	\$150	\$200	\$120,005	\$993
Moderate						
One Person	\$44,450	\$1,111	\$50	\$200	\$130,416	\$1,061
Small Family	\$57,150	\$1,429	\$100	\$200	\$170,922	\$1,329
Large Family	\$68,600	\$1,715	\$150	\$200	\$206,697	\$1,565

Notations:

1. Small Family = 3 persons; Large Families = 5 or more persons
2. Monthly affordable rent based on payments of no more than 30% of household income
3. Property taxes and insurance based on averages for the region
4. Calculation of affordable home sales prices based on a down payment of 10%, annual interest rate of 8%, 30-year mortgage, and monthly payment of gross household income

³ Placer County Redevelopment Agency, *Affordable Housing Project Identification Study*, September 1999, p. 5.

A comparison of the prevailing housing costs in Placer County and North Lake Tahoe (as shown in Table 5) with the housing costs affordable by the various income categories reveals that homeownership is not affordable to very-low and low-income households nor to most moderate-income households. Some homes (particularly those in the Kings Beach area) that are available at the current sale prices are affordable to moderate-income households. However, those that are affordable may still be out of reach to many households unless the right financial opportunities are available, such as bank-offered first-time homebuyer programs, Fannie Mae, FHA, and other State or federal programs.

Rental rates for apartments, duplexes or single-family rental units are affordable to some low- and most moderate-income households, but they are outside the reach of very-low income households. With regard to the rental market, the more important limiting factor is the scarcity of year-round rental housing in the North Lake Tahoe area. Though there is an abundant supply of seasonal rental units that are available to individuals and families vacationing in the area, few year-round rental units are available for permanent North Lake Tahoe residents.

2. AGE AND HOUSING STOCK CONDITION

Age of housing is often an indicator of housing condition. Many federal and state programs use age of housing as one factor to determine housing rehabilitation needs. As shown in Table 7, over 52% of the housing stock in Placer County was built in 1969 or earlier and is over 30 years old. Thirty years of age is typically the accepted standard for major housing rehabilitation need.

TABLE 7
AGE OF HOUSING STOCK IN LAKE TAHOE DIVISION¹

Year Unit Built	Number	% of Total
1985 - March 1990	733	7%
1980 - 1984	669	6%
1970 - 1979	3,806	36%
1960 - 1969	2,491	23%
1950 - 1959	1,528	14%
Prior to 1950	1,450	14%
Total	10,677	100.0%

¹Includes Dollar Point CDP, Kings Beach CDP, Sunnyside-Tahoe City CDP, Tahoe Vista CDP.

Sources: U.S. Census, 1990.

3. OVERCROWDING

Overcrowding is another indicator of housing affordability. Unit overcrowding is caused by the combined effects of low earnings and high housing costs in a community, and reflects the inability of households to buy or rent housing that meets typical standards. Typically, overcrowded households are defined as units with more than one person per room, excluding, kitchens, bathrooms, hallways and porches. Severely overcrowded households are defined as those units with more than 1.5 persons per room.

No current figures are available to determine the extent of overcrowding in the Lake Tahoe Division. However, the 1990 Census reported a total of 44 owner-occupied and 265 renter-occupied units with more than one person per room, representing 2% of the owner-occupied housing and 13% of the renter-occupied households respectively. Among the overcrowded households, 39% (17) of the owner-occupied households were severely overcrowded, compared to over 60% (163) of the renter-occupied households. The total level of overcrowded households in the North Lake Tahoe area was 8%, double that of the entire County (4%). As shown in Table 8, the extent of overcrowding was greatest in the Kings Beach area, where over 20% of all units were overcrowded. Given the recent price increases for housing in the Lake Tahoe area, the extent of overcrowding has likely increased in the last few years. Indeed, the existing shortage of affordable housing in the North Lake Tahoe is likely to have produced overcrowded housing conditions and accelerated housing deterioration.

TABLE 8
OVERCROWDING IN NORTH LAKE TAHOE AREA

Area	# of Overcrowded Units	% Overcrowded
Dollar Point	9	2%
Kings Beach	217	20%
Sunnyside-Tahoe City	30	4%
Tahoe Vista	20	4%
Tahoe Unincorporated Area	33	3%
Lake Tahoe Division (Total)	309	8%

Source: U.S. Census, 1990.

4. SPECIAL NEEDS GROUPS

Certain segments of the population may have more difficulty in finding decent affordable housing due to special circumstances. In the North Lake Tahoe area, as in the rest of Placer County, these special needs groups include the low-income families, elderly, disabled, large households, female-headed households, and the homeless.

Low-Income Families

According to the 1990 census, 33% of the households in Placer County earned very-low and low-incomes compared with approximately 40% in the Lake Tahoe Division. The Census reported the median household income in the Lake Tahoe Division as \$30,636, compared with the County median of \$37,601. The average household size in Placer County in 1990 was reported at 2.63 persons while in the Lake Tahoe Division was 2.43. The average household size in 2000, as estimated by the State Department of Finance, actually decreased for the County as a whole (2.56). While updated average household size for the Lake Tahoe area is not available, the unincorporated portion of the County (including Lake Tahoe Division) is reported to have an average household size of 2.63.

In the Lake Tahoe housing market, a low-income household living from paycheck to paycheck often cannot afford to pay their rent on time. Based on 1990 Census, approximately 10.8% of all persons in the North Lake Tahoe area were below the poverty level, while 5.6% of all families were in this category. In the Kings Beach and Tahoe Vista areas the percentage of all persons living below the poverty line was considerably higher

(20.8% and 13.6% respectively). Lower income households, particularly those living in poverty, typically require some form of housing assistance.

Elderly Persons

The limited incomes of many elderly persons make it difficult for them to find affordable housing. Additionally, many elderly persons may have physical disabilities and dependence needs that limit their range of housing choice. According to the 1990 Census, persons age 65 and over represented 6% of the total population in the Lake Tahoe Division. The 346 elderly households (households headed by an elderly person) in the Lake Tahoe Division represented 9% of all households in the area. Among the elderly households, 82% (285) were owner-households and approximately 18% (61) were renter-households.

Disabled Persons

Physical disabilities can hinder access to conventional housing units and can prevent persons from earning an adequate income. The housing needs of the disabled population most often involve wheelchair access, wider doors, and special construction in kitchens and bathrooms to accommodate physical limitations. Data on disabled residents is not always readily available and must rely on secondary sources and independent estimates to help identify the extent of need within that portion of the population that is challenged by mobility and other problems. Based on the 1990 Census data for disability status of non-institutional persons, the Lake Tahoe Division had 466 persons with a mobility and/or self-care limitation. Approximately 60% of these disabled persons were between 16 and 64 years of age and the remaining 40% were elderly persons.

Housing opportunities for the disabled can be addressed through the provision of affordable housing that is adapted to their needs. This includes the provision of accessible units in new developments, allowing accessibility improvements as eligible activities under housing rehabilitation programs, as well as encouraging housing to be located in close proximity to public transportation and services.

Large Households

Large households, defined as those with five or more persons, are often considered as a group with special housing needs due to the limited availability of adequately sized affordable housing units. In many cases, large households have lower household incomes. Many families with limited incomes tend to double up in housing with other families or to live in smaller units to save on costs, resulting in overcrowding and accelerated unit deterioration. According to the 1990 Census, an estimated 6% of the Lake Tahoe households had five or more members.

Specific household size information for the Lake Tahoe Division after 1990 is not available. Recent articles in local newspapers suggest that due to the shortage of affordable rental housing for seasonal workers, household size and overcrowding may have increased.⁴ Other factors that can contribute to the large household size are concentrations of ethnic groups with larger families and economics that force sharing of units by two families or several unrelated persons.

⁴Clint Swett, *Sacramento Bee*, December 7, 2000, D1.

Female-Headed Households

Single-parent families with children often require special attention due to their need for affordable child-care, health care, and housing assistance. Female-headed households with children in particular tend to have lower incomes, thus limiting housing availability for this group. According to the 1990 Census, approximately 13% of the households in the Lake Tahoe Division were female-headed households. Of those female-headed households, approximately half were single mothers with children under 18 years of age. One-quarter of those single mothers with children lived below the poverty level in the Lake Tahoe Division compared with 30% in the entire County.

Homeless Persons

According to the 1990 Census, no homeless person was documented in the Lake Tahoe Division. However, the 1990 Census count of the homeless was seriously flawed in that it only accounted for homeless people in emergency shelters or on the streets on a particular day rather than over a longer period of time. According to the Placer County Housing Element, a small homeless population is present in the Lake Tahoe basin. Several agencies provide services and/or referrals to homeless individuals and families. These include the Sierra Foothills AIDS Foundation, the Tahoe Women's Services, the Salvation Army, and *La Comunidad Unida*. While there is no homeless shelter in the North Lake Tahoe area, several homeless shelters operate in the adjacent communities such as South Lake Tahoe, and Carson City and Reno in Nevada.

In addition to those who are currently homeless, some individuals and families are at risk of becoming homeless. These include very-low income families and those receiving public assistance. Termination of employment or public subsidies would likely render these individuals and families homeless.

B. HOUSING PRODUCTION REQUIREMENTS

1. LEGISLATIVE REQUIREMENTS/DEFINITION OF TERMS

Health and Safety Code *Section 33413(b)(1)* requires that 15% of all **non-Agency** developed/substantially rehabilitated housing in a project area be affordable to low- and moderate-income households, 40% of which must be affordable to very-low income households. *Section 33413(b)(2)* requires that 30% of all **Agency** developed/substantially rehabilitated housing be affordable to low- and moderate-income households, 50% of which must be affordable to very-low income households.

While these housing production requirements have been in place since January 1, 1976, there were previously no mechanisms for enforcement. Amendments to the Community Redevelopment Law (CRL) contained in AB 315 (signed into law October, 1991) require agencies to prepare a Housing Compliance Plan for each project area showing how the agency intends to meet these production requirements every ten years. The Plans must be consistent with the County's housing element, and must be reviewed every five years in conjunction with updating of the housing element. Subsequent amendments to the CRL (AB 1290, October 1993) supersede AB 315 and require the Housing Compliance Plan to be fully integrated into the Redevelopment Implementation Strategy, and to be reviewed every five years in conjunction with the housing element **or** the implementation strategy.

The Redevelopment Implementation Strategy must include estimates of the number of new or substantially rehabilitated residential units to be developed within the Project Area. The Strategy must also contain the number of units for very-low, low-, and moderate-income households, which will be developed to meet the requirements of Section 33413 of the Health and Safety Code. Additionally, the Strategy must include estimates of the number of units the Agency itself will develop during the time period of the Strategy, including the number of low- and moderate-income units.

Definition of Terms

The Placer County Redevelopment Agency has adopted the following definitions for the Implementation Strategy.

Income Limits: Income limits for lower and moderate-income housing developed pursuant to *Sections 33413(b)(1)* and *33413(b)(2)* must be at affordable cost to persons and households whose income do not exceed 120% of the Area Median Family Income (MFI). For purposes of the Implementation Strategy, the following income limits are used:

- Very-Low Income (0-50% of Area MFI)
- Lower Income (51-80% of Area MFI)
- Moderate-Income (81-120% of the Area MFI)

The overall 2000 MFI for Placer County is \$52,900. Income limits are adjusted for household size, with lower income limits for smaller households. For example, maximum adjusted income is \$26,450 for a very-low income four-person household, and \$21,150 for a very-low income two-person household.

Affordable Housing Costs for Owners: For owner occupied housing receiving Agency assistance, affordable housing cost shall not exceed:

- *Very-Low Income Household* - 30% of 50% of the Area MFI adjusted for family size;
- *Lower Income Household* - 30% of 70% of the Area MFI adjusted for family size;
- *Lower Income Household Option* - for those with gross income between 70% and 80% of Area MFI, the Agency has the option to establish the affordable housing cost at a level not to exceed 30% of the gross household income;
- *Moderate-Income Household* - must not be less than 28% of the gross household income, nor exceed 35% of 110% of the area MFI adjusted for family size; and
- *Moderate-Income Household Option* - for those with gross income between 110% and 120%, the Agency has the option to establish affordable housing cost at a level not to exceed 35% of gross household income.

Affordable Housing Costs for Renters: For rental housing receiving Agency assistance, affordable housing cost shall not exceed:

- *Very-Low Income Household* - 30% of 50% of the Area MFI adjusted for family size;
- *Lower Income Household* - 30% of 60% of the Area MFI adjusted for family size;
- *Lower Income Household Option* - for those with gross income between 60% and 80% of Area MFI, the Agency has the option to establish the affordable housing cost at a level not to exceed 30% of the gross household income;
- *Moderate-Income Household* - 30% of 110% of the Area MFI adjusted for family size; and
- *Moderate-Income Household Option* - for those with gross income between 110% and 120%, the Agency has the option to establish affordable housing cost at a level not to exceed 30% of gross household income.

Duration of Affordability: Health and Safety Code *Section 33413(c)* requires that inclusionary units shall remain available at affordable housing cost to the income levels indicated for the longest feasible time, but not less than the period of the land use controls under the redevelopment plan. The affordability controls on such units must be made enforceable by recorded covenants or restrictions.

Health and Safety Code *Section 33334.3(f)* states that when housing units are developed or assisted with funds from the Redevelopment Agency's 20% affordable housing set-aside fund, the Agency shall require that those housing units shall remain affordable for the longest feasible time, but for not less than 15 years for rental units or 10 years for owner-occupied units. Therefore, if an agency is using set-aside funds to fulfill inclusionary housing requirements, affordability controls must be extended beyond the minimum time period established under *33334.3(f)* to the life of the redevelopment plan.

Agency- and Non-Agency Developed Units: Housing "developed by an agency" is housing constructed by the agency pursuant to a public works contract, *whether inside or outside a project area*. In an agency-developed project, the agency serves more as a co-owner/partner than a mere lender for the project.

Housing "developed within the project area by public or private persons or entities other than the agency" is housing constructed or rehabilitated *within the project area* by anyone other than the agency, and includes both agency-assisted and unassisted housing.

AB 1290 Statutory Changes

Substantial Rehabilitation: Under AB 1290, "substantial rehabilitation" is defined as rehabilitation with cost that constitutes at least 25% of the after rehabilitation value of the dwelling, inclusive of the land value. AB 1290 specifies that inclusionary housing obligations are triggered when multi-family rental dwelling units with three or more units are substantially rehabilitated, or when single-family dwelling units with one or two units are substantially rehabilitated using agency assistance.

Relationship to Replacement Housing: Relative to the housing production effort, housing developed to replace units destroyed or removed by a redevelopment activity is not included in the total of new or rehabilitated units. Units which replace lost residential dwellings are not considered to be net additions to the housing supply and, therefore, cannot be counted towards the housing production requirements pursuant to *Section 33413(b)*.

Aggregate Project Area Obligations: AB 1290 permits housing production units to be aggregated in one or more project areas. However, it requires findings to be made by the agency based on substantial evidence, and after a public hearing, that aggregation will not cause or exacerbate racial, ethnic, or economic segregation.

Housing Production Outside Project Area: As permitted under AB 1290, an agency may provide on a 2:1 basis production units outside project area to satisfy project area housing production obligations.

Price-Restricted Units: Under AB 1290, an agency may "buy" affordability covenants on existing multi-family housing to satisfy production obligations, if such units are not presently available at affordable housing cost, or presently available at affordable housing cost but based on substantial evidence an agency finds after public hearing that units cannot reasonably be expected to remain affordable.

Buy-Out of Affordability Restriction - Single-Family Units: AB 1290 permits single-family units to be sold prior to expiration of affordability period at a price in excess of the affordable housing cost, pursuant to an agency-adopted program that protects agency investment (i.e. through equity sharing). Units sold under this condition must be replaced within three years of sale. The agency must provide monitoring procedures and maintain separate accounting records for such program.

2. EXISTING HOUSING PRODUCTION IN PROJECT AREA

Existing Housing Production and Deed-Restriction

This section examines housing developed and rehabilitated within the North Lake Tahoe Project Area. The housing implementation program contained in the final section of this report will address any shortfall in affordable housing production in the North Lake Tahoe Redevelopment Project Area.

Since its creation in 1996, the Placer County Redevelopment Agency has focused on developing the organization in order to effectively implement and manage housing projects and programs in the North Lake Tahoe Redevelopment Project Area. The Agency conducted several studies and evaluations to determine the actions and programs needed to support affordable housing development in the Project Area. These studies included the North Tahoe Affordable Project Identification Study, which analyzed potential sites for affordable housing development in the Project Area, and other more specific studies of sites including the Stoker Trailer Park site in the Kings Beach area and the Nahas property. The Agency also outlined the timing and actions needed for the development of the Squaw Valley Affordable Housing Project, a development that could potentially result in 70-80 units of affordable housing to meet high demand for employee/rental housing near the North Lake Tahoe Project Area.

Furthermore, in April 1999, the Agency in conjunction with the Planning Department prepared a detailed Affordable Housing Strategy for the entire County. The strategy included an evaluation of County policies and programs and also provided recommendations specific to the North Lake Tahoe Project Area, such as the initiation of a North Lake Tahoe Employee Rental Housing Construction Project.

Housing development in the North Lake Tahoe Redevelopment Project Area has been limited since the creation of the Agency in 1996. With regard to the development of affordable housing, the Agency has focused its efforts in the North Lake Tahoe area on identifying potential sites for the development of affordable rental housing. The Agency has undertaken and completed several studies in preparation for affordable housing development. Over the next five years the Agency plans to use redevelopment set-aside funds to support the development of affordable rental housing, mixed-use residential development, and housing rehabilitation efforts in the Project Area.

Constraints to Housing Project in the North Lake Tahoe Project Area

Residential development in the North Lake Tahoe Project Area must address constraints unique to the Tahoe Basin. In order to protect this special environment, the Tahoe Regional Planning Agency (TRPA) Code of Ordinances establishes specific limitations to development. The TRPA Code sets maximum annual housing unit allocations as well as density limitations on multi-family development, which makes this type of development very difficult despite the great need for such housing.

While low-income projects may obtain waivers from the TRPA allocation requirements, once the low-income deed restriction expires and the project is eligible to convert to market rate, the owner must obtain an allocation in order to proceed with the conversion. This added process serves as a disincentive to many developers in the development of low-income housing.

For the 2001 and 2002 period, TRPA has set a maximum allocation of 88 residential units per year. This includes both single-family and multi-family development. The current allocation level, as well as past allocation levels, has limited the amount of residential development that may be pursued in the North Lake Tahoe Project Area.

Existing Affordable Housing Production Surplus (or Deficit)

Due to the residential development constraints of the Tahoe Basin and the recent creation of the Placer County Redevelopment Agency, the affordable housing obligations incurred by the Agency are minimal. As shown in Table 9, only 22 units were constructed in the Project Area; no Agency assistance was involved in the production of these units. Two units were substantially rehabilitated in the Project Area with Agency assistance through the Kings Beach Rehabilitation Program.

Based on these levels of housing production and rehabilitation, the Agency has incurred an inclusionary obligation of four units since 1996, of which one must be affordable to very-low income households. Housing units that are deed-restricted for the life of the redevelopment plan or longer may be credited toward the Agency's inclusionary housing obligations as specified by AB1290. The two units that were substantially rehabilitated were deed-restricted for lower income households for 15 years. Given that the North Lake Tahoe Redevelopment Project Area expires in 2036, these two units, while deed-restricted, cannot be used to fulfill the Agency's inclusionary requirements. Thus, the Agency has an inclusionary housing production deficit of four low- and moderate-income units with one of these units being affordable to very-low income households.

**TABLE 9
EXISTING AFFORDABLE HOUSING OBLIGATIONS**

		Newly Constructed Units		Substantially Rehabilitated Units ¹	
		Agency	Non-Agency	Agency	Non-Agency
Housing Produced	1996 – 2000	0	22	2	0
Inclusionary Requirements		30% ² /50% ³	15%/40%	30%/50%	15%/40%
Inclusionary Obligations	1996 – 2000	3 LMI/1 VLI = 4 Total Units			
Deed-Restricted Units	1996 – 2000	0 LMI/0 VLI = 0 Total Units			
Affordable Housing Surplus (or Deficit)		Deficit of 3 LMI/1 VLI = 4 Total Units			

Notes:

1. Substantially rehabilitated is defined as rehabilitation with cost that constitutes at least 25% of the post-rehabilitation value.
2. The inclusionary requirement for housing affordable to low- and moderate-income households (LMI), inclusive of very-low income households.
3. The inclusionary requirement for housing affordable to very-low income households (VLI).

Source: Placer County Redevelopment Agency, 2001.

3. FUTURE PRODUCTION POTENTIAL

According to estimates from the Placer County Planning Department, a total of 1,200 new housing units could be produced in the Project Area by 2012. However, in reality, this number is likely to be significantly lower due to TRPA residential allocation restrictions and other environmental constraints. As redevelopment activities intensify in the Project Area, the Agency will actively pursue affordable housing activities to ensure that compliance with inclusionary and replacement housing requirements.

Agency activities to address the need for affordable housing are identified in Section IV. The key among these activities is the production of affordable units through the multi-family new construction program, which is expected to generate approximately 200 affordable units. As a result, the Agency is expected to meet and exceed its inclusionary housing requirements within the required 10-year period.

C. HOUSING REPLACEMENT REQUIREMENTS

1. LEGISLATIVE REQUIREMENTS/DEFINITION OF TERMS

When residential units housing low- and moderate-income households are demolished or taken out of the affordable housing stock as part of a redevelopment project, the Agency must replace those units within four years after they are demolished or removed from the market (*Section 33413(a)*).

The replacement housing obligation is only triggered where units were destroyed or removed by a redevelopment project that is subject to a written agreement with the agency or where financial assistance has been provided by the agency. Destroyed units, which were vacant but would reasonably be expected to be occupied by low- and moderate-income households if occupied, must be replaced. The units must be replaced within four years of the destruction or removal and may be located anywhere within the territorial jurisdiction of the Agency.

The Agency may replace destroyed or removed dwellings with fewer units if the replacement units have a greater or equal number of bedrooms, and if the units are affordable to the same income level households as the destroyed or removed units (*Section 33413(f)(1)(2)*). In addition, for dwelling units destroyed or removed after September 1, 1989, 75% of replacement housing units shall be available at affordable housing cost to same income level as persons displaced (*Section 33413(a)*).

2. EXISTING REPLACEMENT HOUSING OBLIGATIONS

No housing units were removed or destroyed between 1996 and 2000 due to Agency activities. Therefore, no replacement housing requirement was triggered.

3. ANTICIPATED REMOVAL OF UNITS DURING FIVE-YEAR PLAN

Given the availability of vacant land for residential development, much of the housing development in the near future is expected to occur on vacant land. The Agency does not anticipate any large-scale removal of housing. However, due to the age of the housing stock, some housing units may be removed in order to facilitate redevelopment. The Agency will comply with all replacement housing requirements of the CRL.

D. REDEVELOPMENT HOUSING SET-ASIDE REQUIREMENTS

1. LEGISLATIVE REQUIREMENTS/DEFINITION OF TERMS

Sections 33334.2 and 33334.6 of the Health and Safety Code require redevelopment agencies to set aside 20% of the tax increments to a special Low- and Moderate-Income Housing Fund (Low/Mod Fund). The Low/Mod Fund must be used to "increase, improve and preserve the community's supply of low- and moderate-income housing" within the territorial jurisdiction of the agency (Section 33334.3(c)).

State law sets forth a variety of options for localities to expend their 20% housing set-aside fund (Low/Mod Fund), including the following:

- Acquire real property or building sites;
- Improve real property or building sites with on-site or off-site improvements;
- Donate real property to private or public persons or entities;
- Finance insurance premiums during the construction or rehabilitation of affordable housing that are administered by governmental or nonprofit organizations;
- Construct, acquire, or rehabilitate properties;
- Provide subsidies to very-low, low-, or moderate-income households;
- Develop plans, pay principal and interest on bonds, loans, advances, or other indebtedness, or pay financing or carrying charges;
- Maintain the community's supply of mobile homes;
- Preserve publicly assisted housing units that are at risk of converting to market rate housing;
- Fulfill replacement housing requirements; and
- Subsidize administrative expenses provided the expenses are proportionate to the amount spent on the production, improvement, and preservation of housing.

While the Low/Mod Fund can be used for on- and off-site improvements, the improvements must be made as part of a program that results in new construction or rehabilitation of affordable units, or the Agency must find that improvements are necessary to eliminate a specific condition that jeopardizes the health and safety of existing low- and moderate-income residents.

Pursuant to redevelopment law, the Low/Mod fund can be used for the above permissible uses outside of the project area boundaries, provided resolutions are adopted by the Board of Supervisors and the Agency. Provision of replacement housing using Low/Mod Fund must always benefit the Project Area.

Definition of Terms

Applicability: *Section 33334.2* was enacted in 1976 and applied only to projects adopted after December 31st of that year. In 1980, *Sections 33485 through 33489* were enacted to authorize project mergers. These sections extended the 20% set-aside requirement to pre-1977 projects merged after 1980, specifying that tax increments not needed for debt service must be allocated to the Low/Mod Fund. The 1985 AB 265 enacted *Section 33334.6*, which extended the set-aside requirement to all redevelopment project areas, regardless of when they were adopted.

2. REDEVELOPMENT HOUSING SET-ASIDE FUND PROJECTIONS

The Placer County Redevelopment Agency had a housing set-aside balance at the beginning of Fiscal Year 2000/2001 of \$258,186. Based on the gross tax increment projected, the Agency anticipates additional deposits into the housing set-aside fund during each of the ensuing five years as shown in Table 10.

TABLE 10
HOUSING SET-ASIDE PROJECTIONS

Project Area	2001/2002	2002/03	2003/04	2004/05	2005/06
North Lake Tahoe ¹	\$308,544	\$380,130	\$462,858	\$543,795	\$629,769

Note: 1. Represents gross set-aside projections and does not include administration costs or bond debt service.
Source: Placer County Redevelopment Agency, 2001 and Seifel Consulting, Inc., 2001.

Determination of Excess Surplus

Legal interpretations of Health & Safety Code *Section 33334.12* have determined that “excess surplus” occurs at the beginning of a reporting year, not at the end of a reporting year. Excess surplus therefore is calculated using the unencumbered balance at the beginning of the “reporting year” rather than the final unencumbered balance at the end of the full fiscal year. The beginning balance is then compared to the greater of \$1,000,000 or the aggregate amount deposited into the housing set-aside fund during the preceding four fiscal years. An agency with excess surplus has one year to either transfer the surplus to the housing authority, or to expend the fund. Failure to spend or encumber the excess surplus within an additional two years (for a total of three years from the date the funds became excess surplus) results in the agency being assessed severe statutory penalties.

As shown in Table 11, the aggregate amount deposited into the Agency’s Low- and Moderate-Income Housing Set-Aside Fund during the preceding four fiscal years (FY 96/97 - FY 99/00) was \$406,513. At the beginning of Fiscal Year 2000/2001, the Agency’s fund balance was \$258,186, indicating the Agency has been timely in expending set-aside funds; no excess surplus has accumulated.

TABLE 11
CALCULATION OF EXCESS SURPLUS

Fiscal Year	Tax Increment Deposited
FY 1996/97	\$0
FY 1997/98	\$99,158
FY 1998/99	\$106,789
FY 1999/00	\$200,566
Total	\$406,513
FY 2000/01 (Beginning Balance)	\$258,186
Excess Surplus (if beginning balance in FY 2000/01 is greater than \$1,000,000 or the sum of tax increments in preceding four years.)	\$0

3. OTHER HOUSING FUNDING SOURCES

Placer County has access to a variety of federal, State, and local resources to address its housing needs. Specific funding will be utilized based on the opportunities and constraints of each particular project or program. The following highlights key funding sources:

Community Development Block Grant (CDBG Program)

Placer County does not qualify as an entitlement jurisdiction to receive CDBG funding directly from HUD. The County has been applying to the State for CDBG program funds for specific programs. CDBG funds can be used for acquisition/rehabilitation, homebuyer assistance, economic development, homeless assistance, public services, and neighborhood revitalization. The County has used CDBG funds coupled with set-aside funds to support the County's owner-occupied housing rehabilitation efforts in the Kings Beach area. The program has assisted approximately 24 households since 1998.

Home Investment Partnership Act (HOME Program)

Placer County does not qualify as a participating jurisdiction to receive HOME funds directly from HUD. The County has been applying to the State for HOME program funds for specific programs. HOME funds can be used for new construction of housing, acquisition/rehabilitation, homebuyer assistance, tenant-based assistance, and planning. The County has established a First-Time Homebuyer Program using a grant of \$500,000 HOME funds, which was received in Fiscal Year 2000. The program is designed to assist low- and moderate-income first-time homebuyers in Placer County.

Mortgage Credit Certificates (MCC)

The Mortgage Credit Certificate (MCC) program was created in 1984 and achieved substantial funding in 1992. It offers first-time homebuyers a tax credit worth up to 20 percent of the annual interest paid on their home mortgage. This program assists low- and moderate-income households in home purchasing by increasing disposable income which may be used to make mortgage payments and by enhancing their ability to pay. Lenders take the benefits into consideration in underwriting ratios for participants, enabling the participants to afford a more expensive home than their incomes would allow under conventional underwriting criteria. Agencies which have used MCCs stress that they are most effective in assisting moderate-income households because these households are in higher tax brackets than low-income residents, and therefore receive greater benefits from the tax credits.

California Gold First-Time Homebuyer Program

The California Gold First-Time Homebuyer Program allows a homebuyer to borrow funds from the California Rural Home Mortgage Finance Authority in the form of a 20-year deferred payment second mortgage loan. The second mortgage has a 20-year maturity date and an interest rate of 3%, which is reduced to 1.5% after nine years. The program is available to potential homebuyers who have not owned a home in 12 months and income limits are based on the greater of state or area median income regardless of family size.

Section 8 Certificates/Vouchers

This federal program provides rent subsidies to very-low income households (less than 50 percent of the County Median Family Income). Participating families are required to contribute 30 percent of their total income to rent, with Section 8 making up the difference between the family's required rental share and the actual rental price.

Currently, 276 very-low income households in Placer County are receiving Section 8 rental assistance through the Placer County Housing Authority (PCHA). Many of those receiving Section 8 certificates/vouchers in the County are elderly or disabled households. Of the total households receiving Section 8 rental assistance, three are located in the N. Lake Tahoe Area.

IV. IMPLEMENTATION STRATEGY FOR ADDRESSING REDEVELOPMENT HOUSING REQUIREMENTS



A. EXISTING AND PROPOSED HOUSING PROGRAMS FOR IMPLEMENTATION

The housing programs and activities to be pursued over the next five years are consistent with the Placer County Housing Element (1993) and with the Placer County Affordable Housing Strategy (1999).

Both the North Lake Tahoe Redevelopment Plan and the Placer County Affordable Housing Strategy identify key housing priorities for the Project Area. These include:

- Provide opportunities for affordable employee housing in appropriate areas.
- Develop a program to allow for the rehabilitation of residential units owned and occupied by low-income residents.
- Implement a first-time homebuyers program.
- Provide incentives for development of affordable housing in the Project Area.

The programs that address these priorities are described below.

1. FIRST-TIME HOMEBUYER PROGRAM

Using a combination of HOME funds and housing set-aside funds, the County in conjunction with the Agency initiated in Fiscal Year 2000/01 a first-time homebuyer program for low- and moderate-income households looking to purchase their first home in Placer County. Though the program is Countywide, the program will be used to fill the financing gap resulting from higher housing costs in the Lake Tahoe region.

The First-Time Homebuyer Program will enable low- and moderate-income households to purchase their first homes by offering low interest loans to assist with the downpayment and/or eligible closing costs and loan fees. Qualified would-be buyers will be eligible to borrow up to \$35,000 in "gap" financing to make first mortgage payments affordable.

2. MULTI-FAMILY RENTAL NEW CONSTRUCTION PROGRAM

Based on the findings from the Agency's Affordable Housing Project Identification Study, the Agency plans to use approximately \$3.5 million to assist in the development of affordable multi-family rental housing in the North Lake Tahoe area. The set-aside funds will be used to provide affordable rental housing for low- and moderate-income households that live and work in the area. The Agency's aim is to use the program to address the substantial need for affordable employee housing in the Project Area due to high demand for lower paying service and tourism related jobs in the region.

3. KINGS BEACH REHABILITATION PROGRAM

A key goal of the Agency is the “improvement of housing conditions for individuals and families of low- to moderate-income.” In the North Lake Tahoe Project Area, the Agency implemented the Kings Beach Rehabilitation Program in order to preserve the existing stock of affordable housing in the area – a primary objective of both the Housing Element and the Affordable Housing Study.

The program provides housing rehabilitation and weatherization services to low-income households within the Kings Beach area of the Project Area. The program will continue to be funded over the Implementation Strategy period by a combination of CDBG and housing set-aside funds.

4. MIXED USE DEVELOPMENT PROGRAM

Policy A.5 of the Placer County Housing Element states, “the County shall encourage ‘mixed-use’ projects where housing is provided in conjunction with compatible non-residential uses.” The Redevelopment Agency will identify and assist in the development of mixed-use projects to create affordable housing opportunities and ease the demand for employee rental housing in the North Lake Tahoe Project Area. Redevelopment set-aside funds will be used for a variety of actions to assist in the development of mixed-use projects including, but not limited to, the identification of sites in the Project Area, the reduction of fees, expenses associated with TRPA requirements, and loans for the development of mixed-use projects.

B. HOUSING PRODUCTION AND ASSISTANCE GOALS

Table 12 provides an overview of the specific housing projects and their goals to be pursued over the next five years (see also Table 4 for annual expenditures). These housing programs and actions involve the use of redevelopment set-aside funds as well as other funding sources.

TABLE 12
HOUSING ASSISTANCE GOALS: FY 2001/02-2005/06

Program/Project	Households to be Assisted	Low/Mod Funds Expenditure
First-Time Homebuyer Program ¹	14	\$350,000
Multi-Family Rental New Construction	200	\$3,500,000
Kings Beach Rehabilitation Program ²	60	\$120,000
Mixed-Use Development Program ³	12	\$180,000
Total	286	\$4,150,000

Notes:

1. First-Time Homebuyer Program uses a combination of HOME funds and redevelopment set-aside money.
2. Kings Beach Rehabilitation uses both CDBG funds and redevelopment set-aside funds.
3. All 12 mixed-use residential units are expected to be affordable to low and moderate income households.

Source: Placer County Redevelopment Agency, 2001.

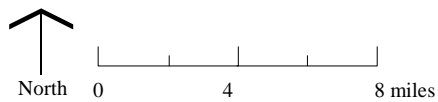
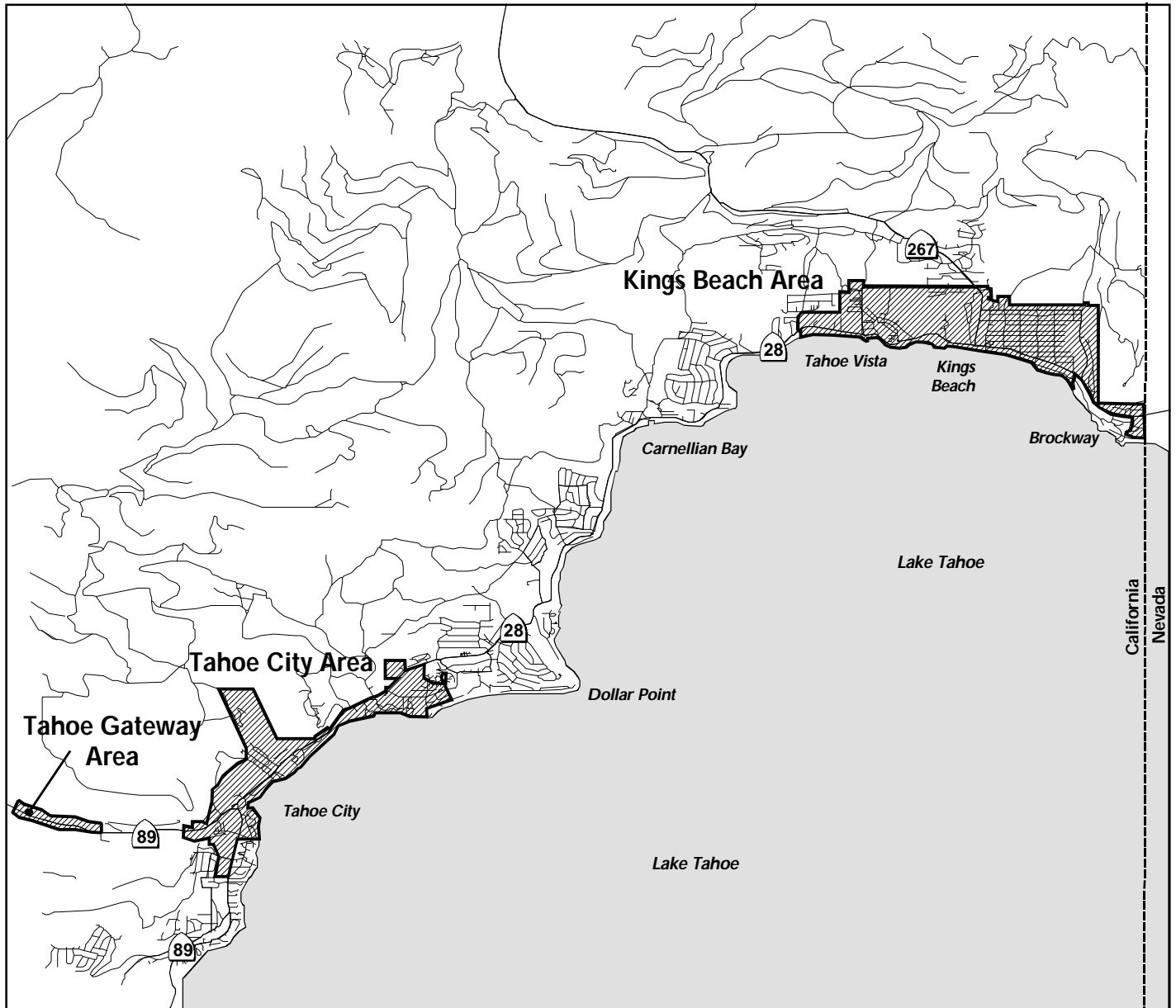


Figure 1
**North Lake Tahoe Redevelopment
 Project Area**